This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2059

LISTED NOVEMBER 22nd, 1960
852,016 shares of $10 par value
Ticker abbreviation "ANG"
Dial ticker number 108
Post section 6.2

TORONTO STOCK EXCHANGE

LISTING STATEMENT

ALBERTA NATURAL GAS COMPANY

An Operating Company incorporated by Special Act of the Parliament of Canada on June 1, 1950

SHARES OF THE PAR VALUE OF $10 PER SHARE
(Transferable in Toronto, Montreal, Winnipeg, Calgary and Vancouver, Canada)

CAPITALIZATION AS AT NOVEMBER 21st, 1960

	AUTHORIZED	ISSUED	PROPOSED TO BE OUTSTANDING	TO BE LISTED
FUNDED DEBT:				
First Mortgage Pipe Line Bonds............	—	—	$25,503,840	—
CAPITAL SECURITIES				
Shares of $10 par value........................	1,250,000	852,016	—	852,016

November 21st, 1960

1. APPLICATION

ALBERTA NATURAL GAS COMPANY (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 852,016 Shares of the par value of $10 per share of its capital stock all of which said 852,016 Shares are issued and outstanding as fully paid and non-assessable shares.

2. REFERENCE TO ATTACHED PROSPECTUS

Reference is made to the attached prospectus dated October 17, 1960 in respect of the offering of 284,000 Shares of the par value of $10 each of the capital stock of the Company, which forms part of this application.

3. OPINION OF COUNSEL

Messrs. Borden, Elliot, Kelley & Palmer, 250 University Avenue, Toronto, Ontario, Counsel for the Company, are filing in support of this application an opinion stating that the Company has been duly organized and is a valid and subsisting company incorporated by a Special Act of the Parliament of Canada and that the said 852,016 Shares have been validly issued and are outstanding as fully paid and non-assessable shares.

4. LISTING ON OTHER STOCK EXCHANGES

No application for listing of the Shares of its capital stock on any other Stock Exchange is contemplated by the Company.

5. STATUS UNDER SECURITIES ACTS

The offering of the 284,000 Shares of the Company for sale in the Provinces of Canada other than Newfoundland and Prince Edward Island has been approved.

6. HEAD OFFICE

The head office of the Company is at 503 Natural Gas Building, 140 Sixth Avenue S.W., Calgary, Alberta.

7. DIRECTORS

James Byers Black	Executive	1100 Sacramento Street, San Francisco, California, U.S.A.
Sidney Martin Blair	Executive	Cedar Mains, Bolton, Ontario Canada.
Allison Patrick Bowsher	Executive	Rural Route No. 3, Calgary, Alberta, Canada.
Robert Herman Gerdes	Executive	61 King Avenue, Piedmont, California, U.S.A.
Douglas Peter McDonald, Q.C.	Barrister	3620-13 Street, S.W., Calgary, Alberta, Canada.
Frank Murray McMahon	Executive	1683 Drummond Drive, Vancouver, British Columbia, Canada.
George McMahon	Executive	Rural Route No. 3, Calgary, Alberta, Canada.
Norman Raymond Sutherland	Executive	160 Westgate Drive, San Francisco, California, U.S.A.

8. OFFICERS

James Byers Black	Chairman of the Board	1100 Sacramento Street, San Francisco, California, U.S.A.
Sidney Martin Blair	Vice Chairman of the Board	Cedar Mains, Bolton, Ontario, Canada.
Norman Raymond Sutherland	President	160 Westgate Drive, San Francisco, California, U.S.A.
Robert Herman Gerdes	Vice-President	61 King Avenue, Piedmont, California, U.S.A.
James Seymour Moulton	Vice-President	161 Vicente Road, Berkeley, California, U.S.A.
Elmer Howard Fisher	Vice-President	123 Camino Pablo, Orinda, California, U.S.A.
Charles Pennypacker Smith	Vice-President and Manager	Apt. 31, Casa Baywood, 212 S. El Camino Real, San Mateo, California, U.S.A.
Robert Lyall Winton	Secretary	822 Riverdale Avenue, Calgary, Alberta, Canada.
Kenneth Chester Christensen	Treasurer	3965 Washington Street, San Francisco, California, U.S.A.

9. AUDITORS

The auditors of the Company are Messrs. Deloitte, Plender, Hoskins & Sells, 108A Eight Avenue West, Calgary, Alberta.

10. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Shares in the capital stock of the Company is Montreal Trust Company at Toronto, Montreal, Winnipeg, Calgary and Vancouver.

11. TRANSFER FEE

No fee is charged on the transfer of the shares of the par value of $10 per share other than stock transfer taxes.

12. FISCAL YEAR

The fiscal year of the Company terminates on the 31st day of December in each year.

13. ANNUAL MEETING

The annual meeting of the shareholders is held at such place on such date in each year as the board of directors from time to time determines. The last such annual meeting was held at Calgary, Alberta, on the 16th day of September, 1960.

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act of Canada.

This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.

New Issue

284,000 Shares

of the par value of $10 per share

Alberta Natural Gas Company

(Incorporated by Special Act of the Parliament of Canada)

Transfer Agent and Registrar

Montreal Trust Company: Toronto, Montreal, Winnipeg, Calgary, Vancouver

Application for the listing of the shares of Alberta Natural Gas Company on The Toronto Stock Exchange has been approved subject to the filing of documents and evidence of satisfactory distribution.

We, as principals, offer these 284,000 shares of the par value of $10 per share in the capital stock of Alberta Natural Gas Company subject to prior sale and change in price, if, as and when issued and accepted by us, and subject to the approval of all legal matters on behalf of the Company by R. L. Winton, Esq., Calgary, and on our behalf by Messrs. Borden, Elliot, Kelley & Palmer, Toronto.

Price: $10.65 per Share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim share certificates, later exchangeable without charge to the holders thereof for definitive share certificates, will be available for delivery in Toronto, Montreal, Winnipeg, Calgary and Vancouver on or about November 1, 1960.

Printed in Canada

The following information has been supplied by the Company;

THE COMPANY

Alberta Natural Gas Company (herein sometimes referred to as the "Company") was incorporated by Special Act of the Parliament of Canada on June 1, 1950. The Company proposes to construct, own and operate a pipe line for the transmission of natural gas from a point near the Alberta-British Columbia boundary, in the vicinity of Coleman, Alberta, across the southeast corner of British Columbia, to a point on the Canada-United States boundary, in the vicinity of Kingsgate, British Columbia. The Company is one of five companies participating in a project under the principal sponsorship of Pacific Gas and Electric Company, one of the largest public utility companies in the United States, to purchase natural gas in the Province of Alberta and transport it through a large diameter gas pipe line to the State of California for sale and distribution to industrial, residential and commercial consumers in the northern and central sections of the State of California which comprise the service area for Pacific Gas and Electric Company and for use in the steam electric generating plants of Pacific Gas and Electric Company. A more complete description of the project to transport natural gas from Alberta to California and of the participants therein is set forth hereafter in the section headed "Alberta-California Project".

The Company also proposes to transport through its pipe line natural gas being exported from Alberta by Westcoast Transmission Company Limited (hereinafter sometimes referred to as "Westcoast") for markets in the Pacific northwest area of the United States served by El Paso Natural Gas Company.

To transport the gas for the Alberta-California Project and for Westcoast across British Columbia, the Company has entered into a gas transportation contract with Alberta and Southern Gas Co. Ltd., (hereinafter sometimes referred to as Alberta and Southern), one of the participants in the Alberta-California Project referred to below, and with Westcoast, as more completely described hereafter in the section headed "Gas Transportation Contract".

The gas transportation contract provides for the transportation through the Company's pipe line of an initial maximum daily quantity of 461 million cubic feet of gas (see Note below) for Alberta and Southern and 161 million cubic feet of gas for Westcoast (such quantities representing 74% and 26% respectively of the total initial maximum daily quantity) for the duration of the export licences granted to Alberta and Southern and Westcoast pursuant to the provisions of Part VI of the National Energy Board Act of Canada.

Under the gas transportation contract, Alberta and Southern and Westcoast will pay the Company a monthly cost-of-service charge allocated between Alberta and Southern and Westcoast in proportion to their daily contract quantities. Such total cost-of-service shall equal the sum of operating expenses, depreciation, amortization, taxes (including income taxes) and a return (before interest on debt) at the rate of 7½% annually on the Company's rate base, all as determined in the manner provided by the said contract.

Pacific Gas Transmission Company, another participant in the Alberta-California Project, and Westcoast each owns 284,000 of the issued and outstanding shares in the capital stock of the Company and have entered into a voting trust agreement with respect to such shares. Pursuant to this agreement Pacific Gas Transmission Company and Westcoast each nominate 4 of the 8 directors of the Company. For additional particulars relating to the said voting trust agreement reference is hereby made to paragraph (**zd**) of the Statutory Information forming part of this prospectus.

COMPANY'S PROPOSED PIPE LINE

The Company's proposed pipe line will be located entirely within Canada and will be approximately 107 miles in length. From a connection with the transmission line of The Alberta Gas Trunk Line Company Limited (referred to below) at a point near the Alberta-British Columbia boundary in the vicinity of Coleman, Alberta, the Company's proposed pipe line will run in a generally southwesterly direction across the southeastern corner of British Columbia to a point on the Canada-United States boundary in the vicinity of Kingsgate, British Columbia. Rights of way for more than 75% of the line have been acquired. The route of the Company's proposed pipe line and the routes of other proposed pipe lines in the Alberta-California Project are shown on the map on page 5 hereof, together with those of other principal pipe lines in the western United States and western Canada.

Design engineering work for the Company's proposed pipe line has been substantially completed. Construction of the proposed pipe line has commenced and is scheduled for completion during the winter of 1961-1962. It will be constructed of 36-inch (outside diameter) pipe and equipped with one compressor station with 14,000 installed horsepower, meter stations and other appurtenant facilities. The proposed pipe line will have an initial designed daily delivery capacity of 570 million cubic feet per day and a maximum capability of 608 million cubic feet per day.

Construction of the Company's proposed pipe line is under the general supervision of Canadian Bechtel Limited, a wholly-owned subsidiary of Bechtel Corporation, one of the largest pipe line engineering organizations in the United States. The actual construction of the Company's pipe line is being carried on under a contract let by competitive bidding. Such contract is being administered by Canadian Bechtel Limited as manager of construction. The Bechtel organization will also supervise generally the construction of pipe lines for other participants in the Alberta-California Project, namely, The Alberta Gas Trunk Line Company Limited and Pacific Gas Transmission Company.

Possible Future Expansion

The Company has been informed by Pacific Gas and Electric Company that that company may in the future support an expansion of the Alberta-California Project to meet its market requirements. By the installation of additional compressor stations at intermediate locations the daily delivery capacity at the Canada-United States boundary can be economically increased to something in excess of 800 million cubic feet.

Note: Unless otherwise specified, all volumes herein are stated at a pressure base of 14.73 pounds per square inch absolute (psia) and at a temperature of 60° Fahrenheit.

No specific plans for any increase in capacity are under consideration by the Company at this time. Any such increase will depend upon many factors, including the available supply of gas, market requirements, the issuance of necessary governmental authorizations, and the obtaining of adequate financing.

ESTIMATED CAPITAL REQUIREMENTS AND FINANCING PROGRAMME

The estimated capital requirements of the Company are as follows:

Land and Rights of Way	$ 266,000
General Plant	429,000
Transmission Main (including pipe)	21,380,000
Compressor Station	4,934,000
Measuring and Regulating Facilities	735,000
Total Direct Cost	27,744,000
Corporate Overhead, Engineering and Inspection	1,532,000
Contingencies and Escalation	1,932,000
Interest during Construction	1,248,000
Total Tangible Plant	32,456,000
Intangible Plant	1,248,000
Working Capital	320,000
Total	$34,024,000

The Company's financing programme will cover the cost of its proposed pipe line. The Company proposes to obtain the required funds from the proceeds which the Company estimates will be derived from the issue of the following securities:

Securities	Estimated Proceeds
568,016 shares (issued and outstanding)	$ 5,680,160
284,000 shares (this issue)	2,840,000
First Mortgage Pipe Line Bonds	25,503,840
Total	$34,024,000

The Company has made no definite arrangements for the sale of the First Mortgage Pipe Line Bonds and the time of offering such Bonds has not been determined. Until commitments to purchase the First Mortgage Pipe Line Bonds have been obtained, the attributes and characteristics of the First Mortgage Pipe Line Bonds and the terms and conditions of their purchase will not be determined. Pending completion of permanent financing arrangements, the Company may make use of bank loans for temporary financing.

SHARES

The Company is authorized to issue only one class of shares. The total number of shares authorized by the Special Act incorporating the Company is 1,250,000 shares of the par value of $10 per share. All shares have full voting rights of one vote per share at all meetings. Reference is made, however, to the voting trust agreement mentioned above in the section headed "The Company".

Pre-emptive Right

By virtue of the by-laws of the Company, holders of shares in the capital stock of the Company have a pre-emptive right to purchase any additional shares (or other securities of the Company which are convertible into shares in the capital stock of the Company) which may be offered for sale by the Company for a cash consideration from time to time, in the proportion that the number of shares then held by such holders bears to the total number of shares then outstanding. This pre-emptive right has been waived by the holders of the 568,016 issued and outstanding shares in the capital stock of the Company with respect to the 284,000 shares offered by this prospectus.

Dividends

It is contemplated that in the indenture of mortgage and deed of trust securing the First Mortgage Pipe Line Bonds the Company will covenant to the effect that, as long as any of the Bonds secured thereby are outstanding, the Company will not pay any cash dividends on its shares except out of accumulated net earnings of the Company. The Company does not represent that such indenture may not contain different or further restrictions on the payment of dividends.

Since the Company's accumulated reserves for depreciation and amortization will be deducted from gas plant in service in computing the rate base upon which the element of "return" is calculated under the Company's contract with Alberta and Southern and Westcoast, the amount of "return" will decline from year to year unless such reduction in rate base is offset by investment in new facilities or otherwise. Consequently, the amount of net earnings of the Company will decline from year to year to the extent that offsetting factors are not present.

CAPITALIZATION

The capital structure of the Company upon the assumption that all of the securities referred to above in the section headed "Estimated Capital Requirements and Financing Programme" are issued will be as follows:

	Amount Authorized	Amount proposed to be Outstanding
First Mortgage Pipe Line Bonds (1)	—	$25,503,840 (2)
Shares of $10 par value	$12,500,000 (1,250,000 shares)	$ 8,520,160 (852,016 shares) (3)

(1) As stated above, the Company has no commitment for the purchase of its First Mortgage Pipe Line Bonds. It is anticipated, however, that the indenture of mortgage and deed of trust under which the proposed First Mortgage Pipe Line Bonds will be issued will permit the issuance of additional First Mortgage Pipe Line Bonds in one or more series, subject to the restrictions to be set forth in the said indenture.

(2) It is assumed that the principal amount of First Mortgage Pipe Line Bonds will be equal to the estimated proceeds shown under the section referred to above under the heading "Estimated Capital Requirements and Financing Programme."

(3) 568,016 of these shares have been sold at $10 per share for a total cash consideration of $5,680,160 and are held as follows:

	Number of Shares
Pacific Gas Transmission Company	284,000
Westcoast Transmission Company Limited	284,000
Directors of the Company	16
Total	568,016

Pacific Gas Transmission Company and Westcoast have entered into a voting trust agreement with respect to the shares of the Company owned by each of them. Pursuant to this agreement Pacific Gas Transmission Company and Westcoast each nominate 4 of the 8 directors of the Company.

Upon the assumption that all of the securities referred to above in the section headed "Estimated Capital Requirements and Financing Programme" are issued, First Mortgage Pipe Line Bonds will constitute 75% of the Company's total capitalization and shares 25%.

PURPOSE OF ISSUE

The net proceeds from the sale of the 284,000 shares of the par value of $10 per share in the capital stock of the Company offered by this prospectus and the net proceeds from the sale of the 568,016 shares issued and outstanding, together with the net proceeds from the anticipated issue of the Company's First Mortgage Pipe Line Bonds referred to above under the section headed "Capitalization", will be used to meet the cost of constructing the Company's proposed pipe line as referred to above in the section headed "Estimated Capital Requirements and Financing Programme".

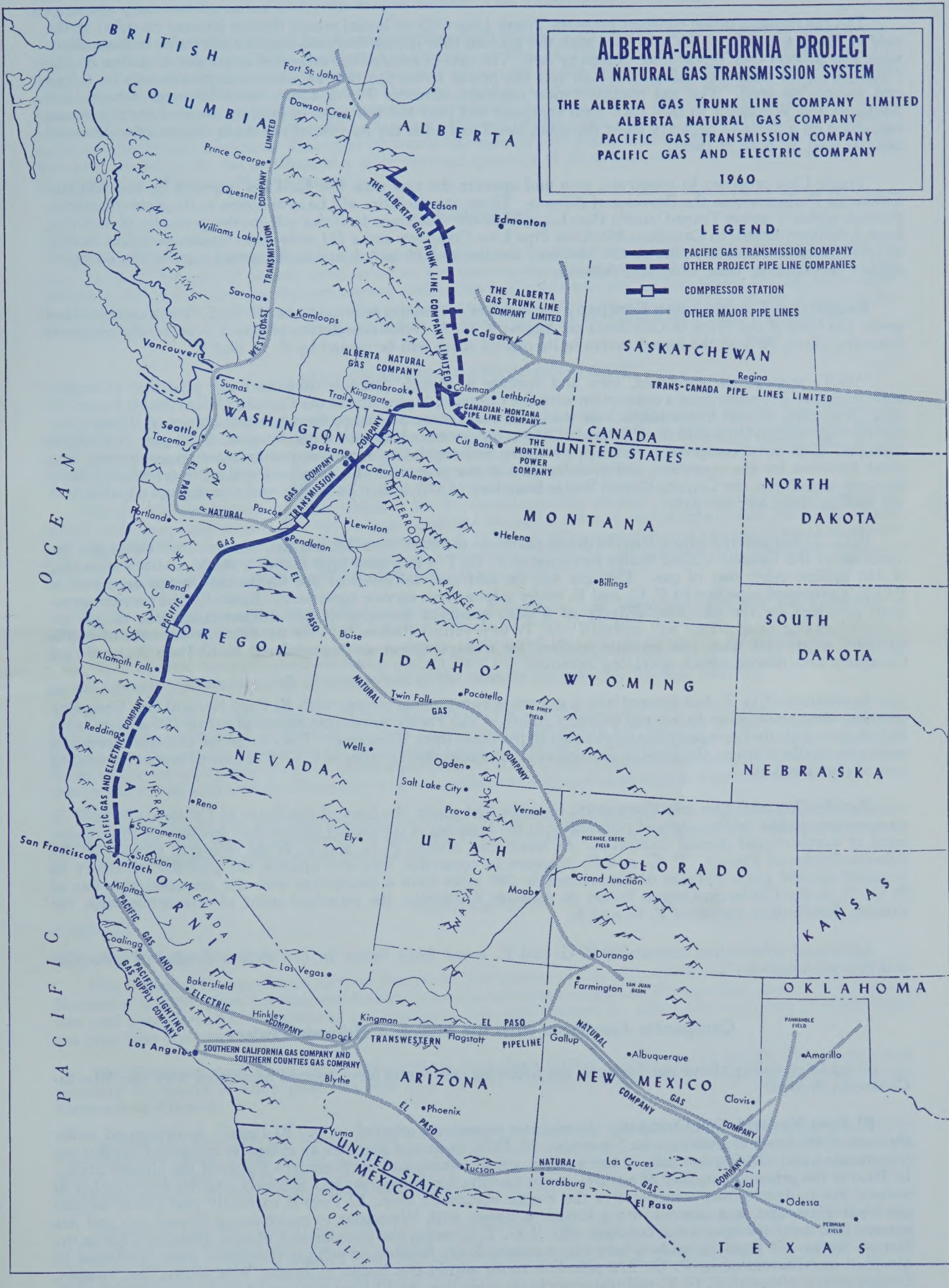
ALBERTA-CALIFORNIA PROJECT

The Alberta-California Project is a project conceived, developed and principally being sponsored by Pacific Gas and Electric Company (hereinafter sometimes referred to as "P. G. and E.") to obtain additional supplies of natural gas for its expanding markets in California through the purchase of Alberta natural gas and the transmission of such gas from fields in Alberta to P. G. and E.'s marketing area by a large diameter pipe line. Construction of all the pipe lines comprised in the Alberta-California Project has commenced and is scheduled for completion during the winter of 1961-1962. The participants in the Alberta-California Project, in addition to the Company, and their respective functions are as summarized below:

Alberta and Southern Gas Co. Ltd. was incorporated under the laws of Alberta on March 25, 1957. It is a wholly-owned subsidiary of P. G. and E. and was formed for the purpose of purchasing natural gas from producers in Alberta and arranging to transport it to the Canada-United States boundary for sale in the United States. Alberta and Southern has contracted and/or has options with 51 producers for the purchase of gas from 20 fields in western Alberta. In addition, it has obtained options to purchase gas from a number of major gas producers covering large areas in Alberta containing both established and prospective reserves. Gas purchased pursuant to such options will be purchasable on the same terms as gas purchased under Alberta and Southern's present gas purchase contracts. An outline of the more important provisions of the standardized form of the gas purchase contract which Alberta and Southern has entered into with Alberta gas producers is set forth hereafter in the section headed "Form of Alberta and Southern's Gas Purchase Contracts."

Alberta and Southern has entered into a long-term gas sales contract with Pacific Gas Transmission Company (referred to below) providing for the sale of a daily contract quantity of 418 million cubic feet of gas. To transport such gas in Alberta and across British Columbia, Alberta and Southern has entered into gas transportation contracts with The Alberta Gas Trunk Line Company Limited (referred to below) and with the Company. Alberta and Southern has also entered into a long-term gas sales contract with Canadian-Montana Pipe Line Company (referred to below) providing for the sale at a point in Alberta of a daily contract quantity of 30 million cubic feet of gas.

The Alberta Gas Trunk Line Company Limited (hereinafter sometimes referred to as "Trunk Line") was incorporated by Special Act of the Legislative Assembly of the Province of Alberta on April 8, 1954 for the purpose of constructing, owning and operating natural gas gathering and transmission lines within the Province of Alberta. By the terms of the export permits granted by the Oil and Gas Conservation Board of Alberta to Alberta and Southern, only gas delivered through the facilities of Trunk Line may be exported from the Province. Trunk Line has been an operating company for over 2 years transporting gas within Alberta primarily


ALBERTA-CALIFORNIA PROJECT
A NATURAL GAS TRANSMISSION SYSTEM
THE ALBERTA GAS TRUNK LINE COMPANY LIMITED
ALBERTA NATURAL GAS COMPANY
PACIFIC GAS TRANSMISSION COMPANY
PACIFIC GAS AND ELECTRIC COMPANY
1960
LEGEND
PACIFIC GAS TRANSMISSION COMPANY
OTHER PROJECT PIPE LINE COMPANIES
COMPRESSOR STATION
OTHER MAJOR PIPE LINES
BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
CANADA
UNITED STATES
WASHINGTON
OREGON
CALIFORNIA
NEVADA
IDAHO
MONTANA
WYOMING
UTAH
COLORADO
ARIZONA
NEW MEXICO
NORTH DAKOTA
SOUTH DAKOTA
NEBRASKA
KANSAS
OKLAHOMA
TEXAS
MEXICO
PACIFIC OCEAN
GULF OF CALIF
THE ALBERTA GAS TRUNK LINE COMPANY LIMITED
WESTCOAST TRANSMISSION COMPANY LIMITED
ALBERTA NATURAL GAS COMPANY
CANADIAN-MONTANA PIPE LINE COMPANY
THE MONTANA POWER COMPANY
TRANS-CANADA PIPE LINES LIMITED
PACIFIC GAS TRANSMISSION COMPANY
PACIFIC GAS AND ELECTRIC COMPANY
EL PASO NATURAL GAS COMPANY
PACIFIC LIGHTING GAS SUPPLY COMPANY
SOUTHERN CALIFORNIA GAS COMPANY AND SOUTHERN COUNTIES GAS COMPANY
TRANSWESTERN PIPELINE
COAST MOUNTAINS
CASCADE RANGE
BITTERROOT RANGE
SIERRA NEVADA
WASATCH RANGE
Fort St. John
Dawson Creek
Prince George
Quesnel
Williams Lake
Savona
Kamloops
Vancouver
Edson
Edmonton
Calgary
Coleman
Lethbridge
Regina
Cranbrook
Kingsgate
Trail
Sumas
Seattle
Tacoma
Spokane
Coeur d'Alene
Cut Bank
Pasco
Portland
Pendleton
Lewiston
Helena
Billings
Bend
Klamath Falls
Boise
Twin Falls
Pocatello
Big Piney Field
Redding
Reno
Wells
Ogden
Salt Lake City
Provo
Vernal
Ely
Sacramento
San Francisco
Antioch
Stockton
Milpitas
Piceance Creek Field
Grand Junction
Moab
Coalinga
Durango
Farmington
San Juan Basin
Bakersfield
Las Vegas
Hinkley
Kingman
Topock
Flagstaff
Gallup
Los Angeles
Albuquerque
Amarillo
Panhandle Field
Blythe
Phoenix
Clovis
Yuma
Tucson
Lordsburg
Las Cruces
El Paso
Jal
Odessa
Permian Field

for Trans-Canada Pipe Lines Limited. Trunk Line will now undertake the gathering and transmission of gas in Alberta for the Alberta-California Project and to this end has entered into a gas transportation contract with Alberta and Southern and Westcoast covering the gathering and transmission of natural gas which each such Company proposes to remove from, or may sell in, Alberta. Trunk Line has no corporate connection with any of the other participants in the Alberta-California Project.

The gas transportation contract provides Trunk Line with an initial return (before interest on debt) at the rate of 7½% annually on its rate base with the proviso that it may increase the rate of return in accordance with The Alberta Gas Trunk Line Company Act. The rate of return if so increased is subject to review by the Public Utilities Board of Alberta, which has the power to fix the rate at what it determines to be a just and reasonable level. The gas transportation contract allocates Trunk Line's costs between Alberta and Southern and Westcoast so that each such company will bear the full costs of laterals devoted to its sole use and share on a demand capacity basis the costs associated with the portion of the main transmission line and laterals used by both of them.

Trunk Line proposes to construct, own and operate the new pipe line facilities required by the Alberta-California Project within the Province of Alberta. These new facilities will be in addition to its present facilities through which it serves Trans-Canada Pipe Lines Limited. Such new facilities will consist generally of receiving lines, a delivery lateral to Canadian-Montana Pipe Line Company and a 351-mile main transmission line having 30-inch (outside diameter) pipe in the northern section and 36-inch (outside diameter) pipe in the southern section terminating near Coleman, Alberta.

Pacific Gas Transmission Company (hereinafter sometimes referred to as "P. G. T.") was incorporated under the laws of the State of California on August 9, 1957. Upon completion of P.G.T.'s presently proposed financing plans, 50% of the issued shares in its capital stock will be owned by P. G. and E.

P.G.T. proposes to construct, own and operate a 36-inch (outside diameter) gas pipe line extending approximately 614 miles from a connection with the Company's pipe line at the Canada-United States boundary near Kingsgate, British Columbia, across the northwest corner of Idaho, the southeast corner of Washington and through central Oregon to the California-Oregon border near Klamath Falls, Oregon. Such pipe line will be equipped with three compressor stations, metering and regulating facilities, communication equipment and other facilities for the operation and maintenance of the proposed pipe line, and will have a designed daily delivery capacity at the Canada-United States boundary of 570 million cubic feet and a maximum capability of 608 million cubic feet per day.

P. G. T. has entered into a long-term gas purchase contract with Alberta and Southern providing for the purchase at the Canada-United States terminus of P. G. T.'s proposed pipe line of a daily contract quantity of 418 million cubic feet of gas. This gas will be sold and delivered at the California-Oregon terminus of P.G.T.'s proposed pipe line to P. G. and E. under a long-term service agreement. Basically the service agreement provides for the sale and delivery of a daily contract quantity of 415 million cubic feet of gas on a cost-of-service basis which will entitle P. G. T. to a return (before interest on debt) at the rate of 6¼% annually on its rate base, less revenue received for transportation service rendered to El Paso Natural Gas Company and miscellaneous operating revenue.

In addition P. G. T. has entered into a gas transportation agreement with El Paso Natural Gas Company covering the transmission to various delivery points in the Pacific northwest States of up to 152 million cubic feet of gas which that company has contracted to purchase from Westcoast. The charge for this transportation service is an allocation on the basis of demand miles and commodity miles of P. G. T.'s cost-of-service, excluding cost of purchased gas.

Pacific Gas and Electric Company, incorporated under the laws of the State of California in 1905, is an operating public utility engaged principally in the business of furnishing electric and gas service throughout most of northern and central California. As mentioned above, P. G. and E. is the principal sponsor of the Alberta-California Project. P. G. and E. proposes to construct, own and operate the pipe line necessary to transmit natural gas a distance of approximately 296 miles from a connection with the proposed pipe line of P. G. T. at the California-Oregon border to Antioch, California, the principal point of connection with the existing distribution system of P. G. and E.

Additional information concerning P. G. and E. is set forth below in the section headed "Pacific Gas and Electric Company".

Companies Associated with the Alberta-California Project

In addition to the above participants, the following companies have become associated with the Alberta-California Project:

El Paso Natural Gas Company (hereinafter sometimes referred to as "El Paso"), incorporated under the laws of the State of Delaware on November 28, 1928, owns and operates an extensive system of natural gas transmission and distribution lines in the western, southwestern and northwestern States of the United States. El Paso is the principal supplier of natural gas to distributing companies in California and the sole supplier of natural gas to distributing companies in the Pacific northwest area. El Paso is currently purchasing natural gas from Westcoast, has entered into a further contract with Westcoast to purchase additional gas and has entered into a gas transportation contract with P. G. T. covering the transmission of such additional gas in the United States. El Paso has undertaken, where economically feasible, to sell gas purchased from Westcoast to qualified distributors along P. G. T.'s pipe line route within the States of Idaho, Washington and Oregon. Consequently, although P. G. T. will transport in its main line the El Paso gas so sold, it does not contemplate making any sales in said States from its own gas supply.

Westcoast Transmission Company Limited, incorporated by Special Act of the Parliament of Canada on August 30, 1949, owns and operates an extensive system of natural gas transmission pipe lines in British

Columbia. Westcoast has entered into long-term gas purchase contracts with certain producers in Alberta for the purchase of gas which it will export from Alberta and the greater part of which it will sell under long-term contract to El Paso at the Canada-United States boundary near Kingsgate, British Columbia. Transmission of such gas in Alberta will be through the pipe line facilities of Trunk Line. To transmit the gas through British Columbia, Westcoast has entered into a gas transportation contract with the Company as more completely described hereafter under the section headed "Gas Transportation Contract".

Canadian-Montana Pipe Line Company (hereinafter sometimes referred to as "Canadian-Montana"), incorporated by Special Act of the Parliament of Canada, on May 31, 1951, is a wholly-owned subsidiary of The Montana Power Company, a public utility engaged principally in the business of furnishing electric and gas service in the State of Montana. Canadian-Montana proposes to construct, own and operate a 5-mile 16-inch (outside diameter) gas pipe line extending southeasterly from its junction with the transmission line of Trunk Line to a junction with the pipe line of The Montana Power Company at a point on the international boundary between Alberta and Montana. Canadian-Montana has entered into a gas purchase contract with Alberta and Southern providing for the purchase of a daily contract quantity of 30 million cubic feet of gas. Such gas will be sold to The Montana Power Company.

Authorizations

Permits, licences and certificates of public convenience and necessity have been granted (subject in certain cases to the fulfillment of certain conditions) to the above companies participating in or associated with the Alberta-California Project by the appropriate authorities in Canada and the United States having jurisdiction over the exportation and importation of natural gas and the construction and operation of gas pipe lines for the Alberta-California Project as more completely set forth hereafter in the section headed "Regulation".

GAS TRANSPORTATION CONTRACT

The Company has entered into a gas transportation contract with Alberta and Southern and Westcoast dated September 20, 1960 providing for the transportation through the Company's pipe line of natural gas which each such company proposes to remove from the Province of Alberta for export (subject to off-line sales in the Province of British Columbia of gas by Westcoast) to markets in the United States.

The gas transportation contract provides for the transportation through the Company's pipe line of an initial maximum daily quantity of 461 million cubic feet of gas for Alberta and Southern and 161 million cubic feet of gas for Westcoast (such quantities representing 74% and 26% respectively of the total initial maximum daily quantity) for the duration of the export licences granted to Alberta and Southern and Westcoast pursuant to the provisions of Part VI of the National Energy Board Act of Canada.

Under the gas transportation contract Alberta and Southern and Westcoast will pay the Company a monthly cost-of-service charge allocated between Alberta and Southern and Westcoast in proportion to their daily contract quantities. Such total cost-of-service shall equal the sum of operating expenses, depreciation, amortization, taxes (including income taxes) and a return (before interest on debt) at the rate of 7½% annually on the Company's rate base, all as determined in the manner provided by the said contract.

For any period in which, as a result of impairment of the Company's facilities, or as a result of modification by legislative, administrative or judicial action of any authorizations of participants in the Alberta-California Project now or hereafter issued by an authority of Canada or of any Province thereof, the Company is unable to transport the quantities of gas to which Alberta and Southern and Westcoast are entitled, the cost-of-service charge will be reduced and the Company will not receive the full cost-of-service as determined above.

Revenues under the gas transportation contract are estimated to provide the Company with sufficient income to pay debt service charges on its proposed First Mortgage Pipe Line Bonds and to provide earnings on the equity capital invested in its undertaking.

REGULATION

CANADA

National Energy Board Act

The National Energy Board Act, an Act of the Parliament of Canada, which was proclaimed in force on November 2, 1959, gives the National Energy Board jurisdiction to regulate, among other things, the construction and operation of interprovincial gas pipe lines, the tolls charged by companies operating interprovincial gas pipe lines and the export of gas from Canada.

The Company and Canadian-Montana have each been issued certificates of public convenience and necessity in respect of their proposed pipe lines by the National Energy Board, with the approval of the Governor in Council.

Alberta and Southern has been granted a licence by the National Energy Board, with the approval of the Governor in Council, under which Alberta and Southern is authorized to export from Canada not more than 458.75 million cubic feet of gas in any one day, nor more than 153.27 billion cubic feet in any consecutive 12-month period, nor more than 3.826 trillion cubic feet during the 25-year term of the licence.

Westcoast has been granted a licence by the National Energy Board, with the approval of the Governor in Council, under which Westcoast is authorized to export from Canada not more than 152 million cubic feet of gas in any one day, nor more than 51 billion cubic feet in any consecutive 12-month period, nor more than 1.02 trillion cubic feet during the 20-year term of the licence.

Canadian-Montana has been granted a licence by the National Energy Board, with the approval of the Governor in Council, under which Canadian-Montana is authorized to export from Canada not more than 36 million cubic feet of gas in any one day, nor more than 10.95 billion cubic feet in any consecutive 12-month period, nor more than 273.75 billion cubic feet during the 25-year term of the licence.

PROVINCE OF ALBERTA

The Gas Resources Preservation Act, 1956
The Pipe Line Act, 1958
The Alberta Gas Trunk Line Company Act
The Gas Utilities Act

Under The Gas Resources Preservation Act, 1956, natural gas may be removed from Alberta only as permitted by the Oil and Gas Conservation Board of Alberta, and only after a determination by the Board that it is in the public interest to grant a permit having regard to (a) the present and future needs of persons within Alberta and (b) the established reserves and the trends in growth and discovery of reserves of gas in Alberta. Alberta and Southern is the holder of two permits granted by the Oil and Gas Conservation Board, with the approval of the Lieutenant Governor in Council. Under these two permits Alberta and Southern is authorized to remove from Alberta up to 500 million cubic feet of gas in any one day, up to 168 billion cubic feet in any consecutive 12-month period and up to 4.2 trillion cubic feet during the 25-year term of the permits.

(The volumes under this sub-section "Province of Alberta" are on a pressure base of 14.4 psia used by the Oil and Gas Conservation Board. The other difference between the volumes specified in Alberta and Southern's permits issued by the Oil and Gas Conservation Board and its licence issued by the National Energy Board is attributable to the fact that the volumes of gas which are to be sold by Alberta and Southern to Canadian-Montana and exported from Canada by Canadian-Montana are included in Alberta and Southern's permits issued by the Oil and Gas Conservation Board, but are not included in its licence issued by the National Energy Board. Canadian-Montana holds a separate licence issued by the National Energy Board for the gas which that company will purchase from Alberta and Southern and export from Canada.)

With respect to gas required by Westcoast in connection with the Alberta-California Project, Westcoast is the holder of a permit granted by the Oil and Gas Conservation Board, with the approval of the Lieutenant Governor in Council, under which it is authorized to remove from Alberta up to 165 million cubic feet of gas in any one day, up to 54 billion cubic feet in any consecutive 12-month period and up to 1.1 trillion cubic feet during the 20 year term of the permit.

Under The Pipe Line Act, 1958, Trunk Line must secure construction permits for its facilities from the Minister of Mines and Minerals of Alberta. All of such permits have been obtained for the facilities to be constructed by Trunk Line in Alberta necessary for the Alberta-California Project.

The gas transportation contract between Trunk Line, Westcoast and Alberta and Southern is subject to regulation in respect of rates, tolls and charges by the Public Utilities Board of Alberta under The Alberta Gas Trunk Line Company Act and The Gas Utilities Act.

The Gas Utilities Act also empowers the Public Utilities Board of Alberta to fix and determine the just and reasonable price to be paid for gas produced in Alberta.

UNITED STATES OF AMERICA

Natural Gas Act of 1938

P. G. T. is a "natural gas company", as defined in the Natural Gas Act of 1938, as amended, of the United States, and as such is subject to the jurisdiction of the Federal Power Commission of the United States under and to the extent provided in the said Act. The Act regulates the importation of natural gas from a foreign country, and also the transportation and the sale for resale for ultimate public consumption of natural gas in interstate commerce. Under the Act the Commission has the power, among other things, to establish rates and conditions of service and to prescribe rates of depreciation and uniform systems of accounts.

The Federal Power Commission has issued an Order, (1) issuing a certificate of public convenience and necessity authorizing P. G. T. and El Paso to construct and operate the pipe line facilities for the transportation and the sale of gas in interstate commerce, (2) authorizing P. G. T., El Paso and The Montana Power Company to import natural gas from Canada and (3) issuing a Presidential Permit to P. G. T. and The Montana Power Company to construct, operate, maintain and connect import facilities at the international boundary.

STATE OF CALIFORNIA

Public Utilities Code

Under the Public Utilities Code of California, P. G. and E. is subject to regulation by the California Public Utilities Commission, which has the power to establish rates and conditions of service, to regulate security issues, and to prescribe uniform systems of accounts to be kept by public utilities. P. G. and E. is the holder of a certificate of public convenience and necessity from the California Public Utilities Commission authorizing it to construct and operate the California section of the Alberta-California Project.

Most of the governmental authorizations referred to under this section headed "Regulation" are subject to conditions. Among these conditions are conditions in all of the licences and certificates of public convenience and necessity issued by the National Energy Board and in all the permits issued by the Oil and Gas Conservation Board to the general effect that the holders of such authorizations shall satisfy the National Energy Board or the Oil and Gas Conservation Board, as the case may be, before November 1, 1960 that arrangements have been completed for financing the construction of all facilities necessary for the exportation of gas in connection with the Alberta-California Project, unless upon application by the various holders of such authorizations later dates are set by the National Energy Board (and approved by the Governor in Council) or by the Oil and Gas Conservation Board, as the case may be. The Company believes that all of the conditions in the governmental authorizations will be satisfied, although with respect to the financing conditions it may be necessary to seek extensions of the date presently fixed.

CERTAIN CONTRACTS WITH ALBERTA DISTRIBUTORS

The two major gas distributing utilities in Alberta, Canadian Western Natural Gas Company Limited and Northwestern Utilities, Limited, have entered into contracts with Trans-Canada Pipe Lines Limited and Alberta and Southern. Canadian Western Natural Gas Company Limited has also entered into a contract with Westcoast. These contracts give these Alberta distributors the right, under certain conditions, to purchase gas from the other party to their respective contracts.

Under the contract with Alberta and Southern the price which the Alberta distributors will pay for the gas will depend upon the load factor at which it is taken. For base load gas (load factor of 70% or better) the price will consist of (1) the weighted average price paid by Alberta and Southern to its suppliers plus (2) an appropriate transmission charge calculated on the assumption that the gas is transmitted from the field or fields nearest to the point of delivery. For peaking gas (load factor of less than 70%), the price will be the same plus 30% of the first-mentioned component.

Representatives of the Alberta distributors testified in proceedings to obtain authorizations for the Alberta-California Project that their existing sources of supply are adequate for the foreseeable future. Such purchases of gas as the Alberta distributors may make in the future are expected to be offset by additions to the reserves committed to the export companies through both the appreciation of committed reserves and the purchase of gas from new reserves. Any such deliveries of gas to the Alberta distributors will not be charged against the volumes authorized for export from the Province of Alberta.

OBLIGATION TO SUPPLY GAS IN ALBERTA

The export permits (referred to above) which Alberta and Southern and Westcoast have obtained from the Oil and Gas Conservation Board of Alberta require such companies to supply gas from Trunk Line's pipe line at a reasonable price to any community or consumer within the Province that is willing to take delivery of gas at a point on such pipe line, and that, in the opinion of the Board, can reasonably be so supplied by the said companies. The Company does not anticipate that any significant quantities of gas will be required for this purpose.

FORM OF ALBERTA AND SOUTHERN'S GAS PURCHASE CONTRACTS

The following is an outline of the more important provisions of Alberta and Southern's standardized form of gas purchase contract with Alberta producers:

(a) *Daily contract quantity*—determined (and from time to time redetermined) on the basis of a 20 to 25-year depletion period.

(b) *Volumetric limitations and obligations*—

(1) *Maximum daily*—110% to 120% of the daily contract quantity.

(2) *Minimum daily*—75% of daily contract quantity.

(3) *Minimum monthly*—80% of daily contract quantity.

(4) *Minimum annual*—90% of daily contract quantity.

(c) *Make-up period for gas paid for but not taken*—2 years.

(d) *Quality*—standard specifications for clean pipeline gas.

(e) *Measurement standards*—14.4 psia at 60° F.

(f) *Delivery pressure*—as requested by Alberta and Southern up to 900 psig.

(g) *Delivery point*—outlet of treatment plant.

(h) *Base price* (in Canadian currency)—14.50 cents per Mcf on July 1, 1961, increasing annually to 17.25 cents in 1968, and thereafter increasing at 5-year intervals, reaching 21 cents in 1983 and continuing for the remainder of the term.

(i) *Price adjustment provisions*—

(1) *Heating value adjustment*—in the event of variation from range of 1,000 to 1,025 B.T.U. per cubic foot.

(2) *Currency exchange adjustment*—in the event the exchange rate between the United States dollar and the Canadian dollar deviates more than 5% from parity.

(3) *Additional taxes on seller*—taxes of certain types will be shared equally by Buyer and Seller. Others will be absorbed by Seller.

(j) *Favored nation obligations*—

(1) Seller may elect, not later than July 1, 1968, to adopt the contract form (including price) used in any of Alberta and Southern's contracts negotiated subsequent to Seller's contract.

(2) Commencing 1968 Seller is entitled, as a minimum, to the weighted average price paid by Alberta and Southern during the preceding contract year.

(k) *Price renegotiation or arbitration*—the price is subject to renegotiation at 5-year intervals, commencing in 1968, and in the absence of agreement, to redetermination by arbitration.

(l) *Term*—25 years commencing on July 1 next following first delivery.

GAS RESERVES

The total proved recoverable reserves of pipe line gas in fields in Alberta dedicated by the Oil and Gas Conservation Board of Alberta to Alberta and Southern and covered by gas purchase contracts and options are estimated to be more than 4 trillion cubic feet by Ralph E. Davis Associates, Houston, Texas, Petroleum and Natural Gas Consultants. The following report dealing with the above-mentioned gas reserves has been prepared for the Pacific Gas Transmission Company by Ralph E. Davis Associates:

(Letterhead)
RALPH E. DAVIS ASSOCIATES

September 12, 1960

PACIFIC GAS TRANSMISSION COMPANY
245 Market Street
San Francisco 6, California

Re: ALBERTA NATURAL GAS COMPANY

Gentlemen:

Pursuant to your request, we have estimated the proved recoverable gas reserves presently under contract or option to Alberta and Southern Gas Co. Ltd., and have given consideration to those additional reserves which may reasonably be expected to become available to Alberta and Southern from sources in Alberta, Canada.

Estimates stated herein reflect proved recoverable gas reserves as of July 1, 1960, at a pressure measuring base of 14.73 pounds per square inch absolute (psia) and a temperature measuring base of 60° Fahrenheit.

Data upon which these estimates are based were obtained from Alberta and Southern, from producers in the area and from records and reports of the Alberta Oil and Gas Conservation Board.

Proved reserves have been estimated by methods generally accepted by the industry and result from a detailed study of each field, in which all available pertinent information, such as geologic structure, sedimentation, pay thickness, porosity, permeability, connate water, extent of proved acreage, reservoir pressure, reservoir temperature and composition of raw gas, has been taken into account. The reserves shown as presently controlled by Alberta and Southern reflect only such reserves as are classed as proved on the basis of development to date. Because of the relatively early stage of development in many of the fields controlled by Alberta and Southern, the potential reserves of these fields, as a group, are substantially higher than the reserves now classed as proved.

We are familiar with the gas fields and productive potentialities of Alberta as a result of numerous detailed studies made during the past 35 years.

The Alberta sedimentary basin is one of the major geologic features of the North American continent, occupying most of the Province of Alberta and extending northward into northeastern British Columbia and the Northwest Territories. That portion of the basin lying within Alberta having sediments greater than 1,000 feet in thickness covers over 200,000 square miles. The maximum thickness of sediments is found in the western part of the basin and exceeds 15,000 feet. While oil and gas have been produced in Alberta for some fifty years, the important exploration has taken place during the last fifteen years and is still being carried on actively. Large areas of the province are virtually untested and the full development of the reserves will doubtless require many decades. Development to date has already found commercial natural gas in over 20 horizons varying in age from Cretaceous through Devonian. Over 200 gas fields have been discovered, of which many have reserves exceeding 500 billion cubic feet. The presently proved reserves of pipe line quality gas in Alberta are, in our judgment, more than 22 trillion cubic feet. Numerous structures have been found by seismic exploration and surface and subsurface mapping. Many of these structures are untested or only partly tested and constitute a favorable prospective source for the development of additional gas reserves. It may confidently be expected that, given the proper economic incentives, exploration for and development of natural gas reserves will continue for many years.

At present, gas produced in Alberta is utilized locally, and, in addition, Alberta gas is being transported in large quantities eastward across Canada, in significant quantities westward into British Columbia and thence southward into the northwestern states, and in minor quantities southward into Montana. Projects now being constructed will augment deliveries to these United States' markets, and will deliver large quantities of gas to California and to certain midwestern states. The Alberta market has, and will continue to have, first call on gas produced in Alberta, and only gas supplies in excess of those needed to satisfy the reasonable future requirements of Alberta and other provinces of Canada will be authorized for export to the United States.

Alberta and Southern Gas Co. Ltd. has contracted for the purchase of gas from fifty-one producers in southwestern and central western Alberta. Additional gas supplies are under option from several of these producers.

Total estimated proved reserves of pipeline gas, as of July 1, 1960, available to Alberta and Southern Gas Co. Ltd. by contract or option under export permit to them are summarized as follows:

	Billion Cubic Feet at 14.73 psia		
	Under Contract	Under Option(1)	Total
Berland River	132	132	264
Brazeau River	—	19	19
Burnt Timber	—	37	37
Caroline	29	—	29
Carson Creek	—	73	73
Crossfield	490	—	490
Fox Creek, North and West	3	4	7
Homeglen-Rimbey	156	—	156
Kaybob	201	—	201
Lobstick	78	—	78
Lovett River	—	80	80
Minnehik-Buck Lake	184	—	184
Paddle River	26	—	26
Parkland (Pine Coulee)	14	—	14
Sarcee	99	—	99
Stolberg	—	69	69
Waterton-Castle River	452	—	452
Westerose South (Dick Lake)	653	—	653
Whitecourt Area	843	26	869
Wildcat Hills	116	146	262
Totals	3,476	586	4,062

(1) The option agreements extend for varying periods, terminating between December 31, 1961, and September 8, 1969. In general, they require the producer to sell gas to Alberta and Southern under an already agreed form of contract when and if the reserves discovered are adequate in the producer's opinion to warrant development for commercial purposes.

The average heating value of the gas reserves controlled by Alberta and Southern is estimated at 1020 Btu per cubic foot.

In addition to the proved reserves available to Alberta and Southern by contract or option in the above fields, there is an estimated 250 billion cubic feet of proved reserves therein which are not, to our knowledge, contracted to any market. These additional reserves are available for purchase in competition with others, and for export by Alberta and Southern under existing export authorizations, and could be handled with pipe line facilities now being constructed.

Alberta and Southern has entered into contracts to sell gas to Pacific Gas Transmission Company, to Canadian-Montana Pipe Line Company and to the two principal Alberta gas distributing companies. The sales to local utilities have priority over other sales by Alberta and Southern, but will only be made in the event the local utilities are unable to obtain requisite supplies under more advantageous conditions than by purchase from Alberta and Southern.

Alberta and Southern has permits to export from Alberta approximately 4,106 billion cubic feet of gas during the twenty-five year term of its export permits. This volume is sufficient to satisfy its contractual obligations to Pacific Gas Transmission Company and Canadian-Montana Pipe Line Company. The presently proved reserves under contract or option to Alberta and Southern are estimated at 4,062 billion cubic feet. Additional reserves will be needed to meet its commitments, including possible sales to local utilities. Additional reserves will be available from the following sources: (i) additional reserves expected to be proved by future extensions and development of fields from which exportation of gas by Alberta and Southern has been authorized, (ii) proved reserves in said fields not committed to any purchaser, (iii) proved reserves in other fields not committed to any purchaser, (iv) new fields that may be discovered in Alberta.

It is our judgement that the presently proved reserves under contract to Alberta and Southern from export fields, together with the proved and prospective reserves in the above mentioned sources of additional gas, will prove to be adequate to meet the commitments of Alberta and Southern.

Very truly yours,
RALPH E. DAVIS ASSOCIATES
(Signed) RALPH E. DAVIS

The following letter has been received from Westcoast Transmission Company Limited with respect to proved recoverable reserves of pipe line gas to meet Westcoast's sales commitments to El Paso Natural Gas Company.

(Letterhead)

WESTCOAST TRANSMISSION COMPANY LIMITED

PACIFIC GAS TRANSMISSION COMPANY, October 5, 1960
245 Market Street,
San Francisco 6, California.

Re: ALBERTA NATURAL GAS COMPANY

Dear Sirs:

Pursuant to your request for information with respect to natural gas reserves which Westcoast Transmission Company Limited has under long-term contract to meet its long-term sales commitment to El Paso Natural Gas Company, we are pleased to provide the following information:

Westcoast has entered into long-term contracts with Producers of the Savanna Creek and Calgary Fields for the purchase of natural gas.

The Oil and Gas Conservation Board of Alberta has issued a permit to Westcoast pursuant to which Westcoast is authorized to remove from the above-mentioned fields for export from Alberta up to 1.10 trillion cubic feet (at a pressure base of 14.4 psia and at a temperature of 60° Fahrenheit) of gas during the 20-year term of the permit.

The National Energy Board of Canada has granted a licence to Westcoast pursuant to which Westcoast is authorized to export from Canada not more than 1.02 trillion cubic feet of gas during the 20-year term of the licence.

Our engineers estimated that as of July 1, 1960, the proved recoverable reserves of pipe line gas in the above-mentioned fields dedicated to Westcoast were 1.37 trillion cubic feet. In making this estimate our engineers have relied on data obtained from producers operating the said fields, from the Oil and Gas Conservation Board of Alberta and from other independent sources, all of which data is considered reliable. This estimate has been made by methods generally accepted by the industry and results from a detailed study of each field in which all available pertinent information has been taken into account. The estimate also reflects proved recoverable reserves at a pressure base of 14.73 psia, a temperature of 60° Fahrenheit, and heating value of 1,000 B.T.U.s.

Westcoast has entered into a long-term gas sales contract with El Paso Natural Gas Company pursuant to which Westcoast has undertaken to sell to El Paso Natural Gas Company up to 151,731 Mcf per day during the 20-year term of Westcoast's export licence.

In our judgment, the above-mentioned presently proved recoverable gas reserves from the above-mentioned fields in Alberta dedicated by the Oil and Gas Conservation Board of Alberta to Westcoast, are adequate to meet all of Westcoast's sales commitments from these fields including our sales commitment with El Paso Natural Gas Company.

Yours very truly,

(Signed) GEORGE S. HUME

WESTCOAST TRANSMISSION COMPANY LIMITED

PACIFIC GAS AND ELECTRIC COMPANY

As mentioned, the Alberta-California Project is under the principal sponsorship of Pacific Gas and Electric Company, an operating public utility engaged principally in the business of furnishing electric and natural gas service, with properties located and operations carried on entirely in California.

P. G. and E. distributes either electric energy or gas or both in a territory having an estimated population of 6,520,000 and extending into 47 of California's 58 counties. Gas is sold and distributed in 160 incorporated cities, about 130 unincorporated communities (with a population of 250 or more), and a number of rural areas, in 33 counties.

As at July 31, 1960, P. G. and E. had approximately 1,945,000 electric customers and 1,642,000 gas customers. Approximately 87% of P. G. and E.'s gas customers are also electric customers. The following table summarizes gross gas and electric operating revenues of P. G. and E. for the five fiscal years ended December 31, 1959:

	1955	1956	1957	1958	1959
		(Thousands of United States Dollars)			
Gas Operating Revenues:					
Residential	$ 85,718	$ 89,579	$ 92,016	$ 95,767	$102,072
Commercial	22,416	22,663	22,812	23,498	24,966
Resale	1,252	1,484	1,615	1,739	1,879
Industrial	41,966	48,612	53,807	59,802	67,058
Revenues from Gas Sales*	151,352	162,338	170,250	180,806	195,975
Miscellaneous Revenues	156	222	320	270	381
Total Gas Operating Revenues*	151,508	162,560	170,570	181,076	196,356
Electric Operating Revenues*	289,710	305,855	328,310	351,284	384,450
Total Gas and Electric Operating Revenues*	$441,218	$468,415	$498,880	$532,360	$580,806

*Includes inter-departmental sales for construction purposes.

Major electric facilities owned and operated by P. G. and E. include 63 hydro-electric and 14 steam electric generating plants, with a total capacity of 5,608,000 kilowatts.

Major gas facilities owned and operated include approximately 3,500 miles of gas transmission lines and approximately 18,300 miles of gas distribution lines. The peak day send-out of gas up to July 31, 1960 occurred on December 30, 1959 when the send-out was 1,884 million cubic feet. The total volume of gas distributed during the twelve months ended July 31, 1960, including company use, was 515.3 billion cubic feet.

According to P. G. and E.'s annual report to the Securities and Exchange Commission of the United States, the total capital stock and surplus of P. G. and E. as at December 31, 1959 totalled $1,064,252,532 (U.S.) and the net income for the year ended December 31, 1959 amounted to $84,737,102 (U.S.).

Gas Supply and Requirements

Over the past five years P. G. and E.'s average day gas purchases have increased by approximately 400 million cubic feet per day. P. G. and E. anticipates that the available supply of California gas will decrease in the future. To offset the decline in the available supply of California gas and to meet the anticipated increase in its requirements, P. G. and E. will need additional supplies of gas. The additional supplies of gas that will be required by P. G. and E. during the next several years will be provided by P. G. T. and by El Paso. El Paso has applied to the Federal Power Commission of the United States for authorization to increase its deliveries to P. G. and E. by an additional 202 million cubic feet of gas per day. This volume is covered by two applications, each for 101 million cubic feet per day. While hearings have not been held thereon, it is assumed that favourable action on both applications would permit the commencement of deliveries of the total quantity of 202 million cubic feet per day, which would amount to 196.5 million cubic feet per day after making an appropriate deduction for compressor fuel.

ALBERTA NATURAL GAS COMPANY
(Incorporated by Special Act of the Parliament of Canada)

Balance Sheet and Pro-Forma Balance Sheet
June 30, 1960

The pro-forma balance sheet gives effect to the following transactions:

(a) The issue and sale of 567,986 shares of the Company's capital stock to sponsoring companies at $10 per share for a total consideration of $5,679,860.

(b) The issue and sale of 284,000 shares of the Company's capital stock offered by this prospectus at $10 cash for a total consideration of $2,840,000 and the payment of estimated expenses of $25,000 in connection therewith.

(c) The payment of notes payable to an affiliated company and accrued interest thereon, aggregating $794,267.

	Balance Sheet	Pro-Forma Balance Sheet
Assets		
GAS PLANT—at cost (Note 2)—Intangible Plant:		
Organization expense (Note 3)	$ 168,001	$ 168,001
Franchises and consents	247,767	247,767
Total gas plant	415,768	415,768
CURRENT ASSETS:		
Cash	53,403	53,403
Net proceeds of pro-forma balance sheet transactions	—	7,700,593
Prepayments	170	170
Total current assets	53,573	7,754,166
DEFERRED CHARGES:		
Unamortized debt expense (Note 4)	4,581	4,581
Preliminary survey and investigation charges (Note 2)	334,986	334,986
Estimated costs not distributed pending receipt of invoices	39,541	39,541
Capital stock expense	1,579	26,579
Total deferred debits	380,687	405,687
TOTAL	$ 850,028	$8,575,621
Liabilities		
CAPITAL STOCK (Note 4):		
Authorized—1,250,000 shares of $10 par value each		
Issued and fully paid—		
30 shares	$ 300	—
852,016 shares	—	$8,520,160
Total capital stock	300	8,520,160
CURRENT LIABILITIES:		
Accounts payable	29,000	29,000
Payables to affiliated companies:		
Notes payable	779,348	—
Accounts payable (including accrued interest)	41,380	26,461
Total current liabilities	849,728	55,461
COMMITMENTS AND CONTINGENT LIABILITIES (Note 5)		
TOTAL	$ 850,028	$8,575,621

Approved on behalf of the Board:

(Signed) ROBERT H. GERDES, Director

(Signed) A. P. BOWSHER, Director

The accompanying Notes to Balance Sheet and Pro-Forma Balance Sheet are an integral part of this statement.

ALBERTA NATURAL GAS COMPANY

Notes to Balance Sheet and Pro-Forma Balance Sheet

June 30, 1960

NOTE 1—Principles of Accounting:

The Company's only activities to date have consisted of preliminary negotiations and arrangements for the construction and operation of interprovincial and/or international pipe lines for the transportation of gas. All expenditures, including interest, incurred by the Company to June 30, 1960 have been capitalized and it is intended that this policy continue until the pipe line that the Company proposes to construct (see Note 2) is in operation.

NOTE 2—Gas Plant:

Under the terms of a Certificate of Public Convenience and Necessity issued by the National Energy Board of Canada on April 19, 1960, the Company is authorized to construct and operate a 36-inch pipe line through southeast British Columbia for the transmission of gas to be exported from Canada at a point on the international boundary near Kingsgate, British Columbia. The estimated cost of this system (including working capital) is $34,024,000. Substantially all of the properties of the Company will eventually be subject to the lien of a mortgage and deed of trust to be entered into by the Company in connection with the Company's financing plans.

Preliminary survey and investigation charges of $334,986 classified on the Balance Sheet under "Deferred Charges" represent contractors' charges and other costs incident to construction of the proposed pipe line. These charges and future costs of a similar nature will be capitalized and apportioned to applicable gas plant accounts.

NOTE 3—Organization Expense:

The cost of, and incidental to, incorporation of the Company by Special Act of the Parliament of Canada and other preliminary costs, was estimated by the former parent company to be approximately $250,000. On March 31, 1958 the then parent company sold its claims against the Company for the said costs for a cash consideration of $146,687 ($150,000 U.S.) and this amount was then deemed and entered on the books of the Company as organization expense. Interest charges to this account aggregate $21,314 as at June 30, 1960. The Company proposes to introduce a plan of amortization of organization expense on commencement of business operations.

NOTE 4—Capital Stock and Long Term Debt:

Subsequent to June 30, 1960, the Company sold 567,986 shares of its capital stock at $10 per share. In addition to the 284,000 shares which are being offered by this prospectus, the Company's financing programme contemplates sale of first mortgage pipe line bonds. Pending completion of permanent financing arrangements, the Company may make use of bank loans for temporary financing.

The by-laws of the Company provide that holders of shares of the capital stock of the Company have a pre-emptive right to purchase any additional shares or other securities of the Company which are convertible into shares of the capital stock of the Company which may be offered for sale by the Company for a cash consideration from time to time in the proportion that the number of shares then held by such holders bears to the total number of shares then outstanding.

Unamortized debt expense at June 30, 1960 together with future debt expense and any sales premiums or discounts will be written off over the lives of the issues to which they pertain.

NOTE 5—Commitments and Contingent Liabilities:

The Company has agreed to assume the costs incurred by Westcoast Transmission Company Limited relating to that company's plans to acquire and construct a gas pipe line from a point in the vicinity of Coleman, Alberta to a point in the vicinity of Kingsgate, British Columbia (the same route proposed by Alberta Natural Gas Company). The amount of such costs to be assumed are not to exceed $200,000.

The Company has entered into an agreement, subsequent to June 30, 1960, with Canadian Bechtel Limited for engineering-management services with respect to the construction of the Company's proposed pipe line. As consideration for its services, Canadian Bechtel Limited will be reimbursed for all of its "recoverable costs", as defined in the agreement, and in addition will receive a fee in the amount of $1,011,300.

The Company has entered into various agreements, including agreements relating to construction in the approximate amount of $7,090,000, land rights and the transportation of gas, all of which relate to the Company's proposed operations.

ALBERTA NATURAL GAS COMPANY

Summary of Transactions from Incorporation, June 1, 1950, to June 30, 1960

	Transactions		Balances	
	Receipts	Expenditures	Assets	Liabilities
Organization expense		$168,001	$168,001	
Franchises and consents (including $140,463 reimbursed to affiliated companies):				
Contractors' charges		93,494		
Salaries and wages		65,524		
Interest on notes payable		10,939		
Engineering and consulting fees		3,433		
Sundry costs including travel, legal, hearings, etc.		74,377	247,767	
Prepayments		170	170	
Unamortized debt expense		4,581	4,581	
Preliminary survey and investigation charges (including $55,835 reimbursed to affiliated companies):				
Contractors' charges		258,698		
Interest on notes payable		25,193		
Salaries and wages		19,702		
Sundry costs including engineering and consulting fees, legal, etc.		31,393	334,986	
Estimated costs not distributed pending receipt of invoices		39,541	39,541	
Capital stock expense		1,579	1,579	
Capital stock	$ 300			$ 300
Notes payable	779,348			779,348
Total	779,648	796,625	796,625	779,648
Accounts payable—affiliated companies and others		70,380		70,380
Total receipts and disbursements	779,648	726,245	796,625	850,028
Cash—excess of receipts over disbursements		53,403	53,403	
Total	$779,648	$779,648	$850,028	$850,028

AUDITORS' REPORT

To the Directors of Alberta Natural Gas Company:

We have examined the balance sheet and pro-forma balance sheet of Alberta Natural Gas Company as of June 30, 1960 and the summary of transactions from incorporation, June 1, 1950, to June 30, 1960. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, together with the notes thereto, and the summary of transactions, present fairly the financial position of Alberta Natural Gas Company as at June 30, 1960, and the transactions of the Company from incorporation to June 30, 1960, in accordance with generally accepted accounting principles applied on a consistent basis. Further, in our opinion, the pro-forma balance sheet, together with the notes thereto, presents fairly the financial position of the Company at June 30, 1960 (after giving effect to the transactions set out in the headnote thereto) in conformity with generally accepted accounting principles, applied on a consistent basis.

Calgary, Alberta
October 17, 1960

(Signed) DELOITTE, PLENDER, HASKINS & SELLS,
Chartered Accountants.

STATUTORY INFORMATION

(a) The full name of the Company is ALBERTA NATURAL GAS COMPANY (hereinafter called the "Company") and its head office is situated at 503 Natural Gas Building, 140-Sixth Avenue S. W., Calgary, Alberta.

(b) The Company was incorporated by Special Act of the Parliament of Canada, 14 George VI, chapter 61, which was assented to and came into effect on June 1, 1950.

(c) The general nature of the business to be transacted by the Company is the construction and operation of a pipe line or pipe lines for the transportation of natural gas. The Company has commenced construction of, and proposes to complete and operate, a pipe line which will be approximately 107 miles in length and which will extend from a point near the Alberta-British Columbia border in the vicinity of Coleman, Alberta, across the southeast corner of British Columbia to a point on the international boundary of Canada and the United States, in the vicinity of Kingsgate, British Columbia. The Company is one of five companies participating in a project under the principal sponsorship of Pacific Gas and Electric Company (hereinafter sometimes referred to as "P. G. and E."), one of the largest public utility companies in the United States, to purchase gas in the Province of Alberta and transport it through a large diameter pipe line to the State of California for sale and distribution to industrial, residential and commercial consumers in the northern and central sections of the State of California, which comprise the service area for P. G. and E., and for use in the steam electric generating plants of P. G. and E. The Company has entered into a gas transportation contract with Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited providing for the transportation by the Company's pipe line of initial maximum daily quantities totalling 622 million cubic feet of gas.

For a description of the project to transport natural gas from the Province of Alberta to the State of California and of other companies participating in, and associated with, the said project, reference is made to the section headed "Alberta-California Project" appearing in the prospectus of which this Statutory Information forms part.

(d) The names in full, present occupations and home addresses in full of the officers and directors of the Company are as follows:

Directors

James Byers Black	Executive	1100 Sacramento Street, San Francisco, California, U.S.A.
Sidney Martin Blair	Executive	Cedar Mains, Bolton, Ontario, Canada.
Allison Patrick Bowsher	Executive	Rural Route No. 3, Calgary, Alberta, Canada.
Robert Herman Gerdes	Executive	61 King Avenue, Piedmont, California, U.S.A.
Douglas Peter McDonald, q.c.	Barrister	3620—13 Street, S.W., Calgary, Alberta, Canada.
Frank Murray McMahon	Executive	1683 Drummond Drive, Vancouver, British Columbia, Canada.
George McMahon	Executive	Rural Route No. 3, Calgary, Alberta, Canada.
Norman Raymond Sutherland	Executive	160 Westgate Drive, San Francisco, California, U.S.A.

Officers

James Byers Black	Chairman of the Board	1100 Sacramento Street, San Francisco, California, U.S.A.
Sidney Martin Blair	Vice Chairman of the Board	Cedar Mains, Bolton, Ontario, Canada.
Norman Raymond Sutherland	President	160 Westgate Drive, San Francisco, California, U.S.A.
Robert Herman Gerdes	Vice President	61 King Avenue, Piedmont, California, U.S.A.
James Seymour Moulton	Vice President	161 Vicente Road, Berkeley, California, U.S.A.
Elmer Howard Fisher	Vice President	123 Camino Pablo, Orinda, California, U.S.A.
Charles Pennypacker Smith	Vice President and Manager	Apt. 31, Casa Baywood, 212 S. El Camino Real, San Mateo, California, U.S.A.
Robert Lyall Winton	Secretary	822 Riverdale Ave., Calgary, Alberta, Canada.
Kenneth Chester Christensen	Treasurer	3965 Washington Street, San Francisco, California, U.S.A.

(e) Messrs. Deloitte, Plender, Haskins & Sells, Chartered Accountants, 108A Eighth Avenue West, Calgary, Alberta, are the auditors of the Company.

(f) Montreal Trust Company at its offices in the Cities of Toronto, Montreal, Winnipeg, Calgary and Vancouver is the Transfer Agent and Registrar for the shares in the capital stock of the Company.

(g) The authorized share capital of the Company consists of 1,250,000 shares of the par value of $10 per share, all of one class, of which 568,016 shares have been issued and are paid up.

(h) Each share in the capital stock of the Company is equal to every other share and all shares participate equally on liquidation or distribution of assets and enjoy full voting rights of one vote per share at all meetings. Holders of the shares in the capital stock of the Company have a pre-emptive right to purchase any additional shares (or other securities of the Company which are convertible into shares in the capital stock of the Company) which may be offered for sale by the Company for a cash consideration from time to time in the proportion that the number of shares then held by such holders bears to the total number of shares then outstanding. The present shareholders have waived this pre-emptive right with respect to the 284,000 shares offered by this prospectus.

(i) The Company has issued 568,016 shares in the capital stock of the Company at their par value of $10 per share and such shares are held as follows:

	Number of Shares
Pacific Gas Transmission Company	284,000
Westcoast Transmission Company Limited	284,000
Directors of the Company	16
Total	568,016

The Company proposes to issue and sell First Mortgage Pipe Line Bonds (herein sometimes referred to as the "Bonds"). Until commitments to purchase the Bonds have been obtained, the attributes and characteristics of the Bonds and the terms and conditions of their purchase will not be determined. The proposed indenture of mortgage and deed of trust securing the Bonds is expected to be in a form which the Company considers to be conventional for such purposes, under which substantially all of the Company's pipe line properties will be subjected to a first mortgage lien and the Company's gas transportation contract with Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited referred to in paragraph **(za)** hereof, will be pledged. It is contemplated that the sinking fund provided for the Bonds will be sufficient to retire the Bonds at maturity and that sinking fund redemptions will be accelerated if the gas supply available to the proposed pipe line or under firm contract does not meet certain requirements. Additional bonds will be issuable under the indenture for refunding purposes, or on the basis of 75% of the net bondable value of property additions (as to be defined in the indenture), but only if certain earnings tests are met. It is also contemplated that in the said indenture securing the Bonds the Company will covenant to the effect that as long as any of the Bonds secured thereby are outstanding, the Company will not pay any cash dividends except out of accumulated net earnings of the Company.

The Company has made no definite arrangements for the sale of the Bonds and the time of offering such Bonds has not been determined. The Company makes no representation that provisions different from or in addition to those mentioned above will not be contained in the indenture under which the Bonds are to be issued, since such provisions will not be determined until shortly before the Bonds are sold.

(j) There is no substantial indebtedness to be created or assumed which is not shown on the pro-forma balance sheet of the Company as at June 30, 1960 forming part of this prospectus except: (i) the Bonds referred to in paragraph **(i)** hereof; (ii) pending completion of permanent financing arrangements the Company may make use of bank loans for temporary financing; and (iii) pursuant to the Basic Agreement referred to in sub-paragraph (2) of paragraph **(za)** hereof the Company has undertaken to pay to Westcoast Transmission Company Limited an amount not exceeding $200,000 to reimburse that company in respect of outlays made by that company in the investigation of the route of the Company's proposed pipe line. Reference is hereby made to sub-paragraph (3) of paragraph **(za)** for the amount payable by the Company to Canadian Bechtel Limited under the agreement referred to therein.

(k) No securities of the Company are covered by options outstanding or are proposed to be given by the Company.

(l) The securities offered by this prospectus are 284,000 shares in the capital stock of the Company. The issue price to the public and the terms thereof are as stated on the facing page of this prospectus to which reference is hereby made. Reference is also made to paragraph **(i)** hereof with respect to the 568,016 shares in the capital stock of the Company now issued and outstanding.

(m) The estimated net proceeds to be derived by the Company from the sale of the 284,000 shares in the capital stock of the Company offered by this prospectus on the basis of such shares being fully taken up and paid for will be $2,840,000 less legal, auditing and other expenses in connection with the issue thereof, amounting to approximately $25,000.

(n) The net proceeds from the sale by the Company of the 284,000 shares offered by this prospectus and the net proceeds from the sale by the Company of 568,016 shares issued and outstanding together with the net proceeds of the anticipated issue of the Bonds referred to in paragraph **(i)** hereof, will be added to the Company's general funds and used to meet the cost of constructing and putting into operation the Company's proposed pipe line. The estimated capital requirements of the Company for its proposed pipe line are as follows:

Land and Rights of Way	$ 266,000
General Plant	429,000
Transmission Main (including pipe)	21,380,000
Compressor Station	4,934,000
Measuring and Regulating Facilities	735,000
Total Direct Cost	27,744,000
Corporate Overhead, Engineering and Inspection	1,532,000
Contingencies and Escalation	1,932,000
Interest during Construction	1,248,000
Total Tangible Plant	32,456,000
Intangible Plant	1,248,000
Working Capital	320,000
Total	$34,024,000

No provision has been made for the holding in trust of the proceeds of the issue of the shares offered by this prospectus pending or subject to the fulfillment of any conditions.

(o) The minimum amount which in the opinion of the directors of the Company must be raised by the issue of the shares hereby offered in order to provide the balance of the sums required for the purposes specified in paragraph (n) hereof, over and above the amount estimated to be realized from the sale of the Bonds, is \$2,840,000 less the expenses referred to in paragraph (m) hereof.

(p) Pursuant to an agreement dated October 7, 1960 the Company has agreed to sell and Dominion Securities Corpn. Limited, McLeod, Young, Weir & Company Limited, Wood, Gundy & Company Limited and Nesbitt, Thomson and Company, Limited have agreed to purchase, as principals, 284,000 shares in the capital stock of the Company subject to the terms and conditions of the said agreement, at \$10 per share payable in cash against delivery of certificates representing the said shares. Reference is hereby made to the facing page of this prospectus for the price at which the said shares are to be offered to the public. No commission is payable by the Company in connection with the sale of the shares offered by this prospectus.

(q) The by-laws of the Company contain the following provisions as to the remuneration of directors:

"The remuneration to be paid to Directors shall be such as the Board of Directors shall from time to time determine and such remuneration shall be in addition to any remuneration received by any officer or employee of the Company who is also a member of the Board of Directors. The Directors may also by resolution award special remuneration to any Director for services rendered to the Company other than routine work ordinarily required of a Director and the confirmation of any such resolution or resolutions by the shareholders shall not be required. Provided, however, that all Directors shall be entitled to their actual disbursements and expenses necessitated by attendances at the meetings of the Board and in the performance of their duties as Directors, and in the performance of any special services they may be required to render to the Company."

(r) The aggregate remuneration paid by the Company during its last financial year ended December 31, 1959 to the directors of the Company as such was \$1,100 and to officers who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was nil. It is estimated that the aggregate remuneration to be paid or which will be payable during the current financial year to the directors as such will be \$2,200 and to officers who individually will receive or be entitled to receive remuneration in excess of \$10,000 per annum will be nil.

(s) No amount has been paid within the two years preceding the date of this prospectus and no amount is now payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company. Reference is hereby made to paragraph (p) hereof for the price at which the shares are to be sold by the Company and the price at which the said shares are to be offered to the public.

(t) The Company has incurred organization expenses of \$168,001. Prior to June 30, 1960, the Company incurred costs for franchises and consents of \$247,767 and preliminary survey and investigation charges in the amount of \$334,986. Other costs incurred by the Company prior to June 30, 1960 are shown in the financial statements of the Company forming part of this prospectus.

(u) The Company proposes to acquire fee simple lands and the necessary rights-of-way and other similar rights to enable it to construct and maintain its proposed pipe line. The Company also proposes to purchase outright the pipe and other materials necessary for the construction and maintenance of its proposed pipe line The purchase price of all such property will be defrayed in part out of the net proceeds of the shares offered by this prospectus, in part out of the net proceeds from the anticipated issue of the Bonds referred to in paragraph (i) hereof, and in part out of the proceeds received from the sale of the 568,016 shares already sold.

Except as to transactions entered into in the ordinary course of operations or on the general credit of the Company, no other property has been purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the shares offered by this prospectus and no property has been purchased or acquired by the Company the purchase price of which has been paid within two years preceding the date hereof or is to be paid in whole or in part in securities of the Company.

(v) The vendors to the Company of the fee simple lands, the rights-of-way and other rights in land are the numerous land owners over and upon whose lands the facilities for the Company's proposed pipe line will be constructed. The amounts payable for the said fee simple lands and other land rights have not at the date hereof been finally established, but it is estimated that the aggregate cost of acquiring all of the said property will be approximately \$266,000. The pipe and other materials necessary for the construction and maintenance of the proposed pipe line are being and will be purchased by the Company at current prices from manufacturers and suppliers dealing in such items in the ordinary course of business. The Company has not purchased or acquired and does not, at present, propose to purchase or acquire securities of any other company and no amount has been paid or is payable for goodwill.

(w) No securities have been issued or agreed to be issued by the Company as fully or partly paid up otherwise than for cash within two years preceding the date hereof.

(x) No obligations are offered by this prospectus.

(y) No services have been or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds from the sale by the Company of the shares offered by this prospectus other than for the services of Canadian Bechtel Limited and Westcoast Transmission Company Limited under the agreements referred to in paragraph (j) hereof, and except to the extent of the services rendered and to be rendered in respect of the financing and construction of the Company's proposed pipe line as referred to in paragraph (n) hereof. In this connection the Company has accepted a bid for certain construction on the pro-

posed pipe line from H. C. Price of Canada Ltd., of Calgary, Alberta, and Poole Construction Company Limited, of Edmonton, Alberta, venturing jointly. The estimated contract price for such construction will be $7,090,000. No services have been within the two years preceding the date of this prospectus or are now proposed to be paid for by securities of the Company.

(z) Nothing has been paid within the two years preceding the date of this prospectus or is intended to be paid to any promoter.

(za) In addition to contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company, the Company has entered into the following material contracts within the two years preceding the date of this prospectus:

(1) Agreement dated September 20, 1960 between the Company and Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited providing for the transportation through the Company's pipe line of an initial maximum daily quantity of 461 million cubic feet of gas for Alberta and Southern Gas Co. Ltd. and 161 million cubic feet for Westcoast Transmission Company Limited for the duration of export licences granted to Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited pursuant to the provisions of Part VI of the National Energy Board Act of Canada. By this agreement Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited will pay the Company a monthly cost-of-service charge allocated between Alberta and Southern Gas Co. Ltd. and Westcoast Transmission Company Limited in proportion to their maximum daily quantity. Such total cost-of-service shall equal the sum of operating expenses, depreciation, amortization, taxes (including income taxes) and a return (before interest on debt) at the rate of 7½% annually on the Company's rate base, all as determined in the manner provided by the said gas transportation contract.

(2) Agreement dated September 20, 1960 between Westcoast Transmission Company Limited, Pacific Gas Transmission Company, the Company and Alberta and Southern Gas Co. Ltd. (herein referred to as the "Basic Agreement") relating to the ownership of shares, financing and control of the Company, the pipe line facilities of, and transportation of gas by, the Company and the assumption by the Company of certain costs incurred by the other parties.

(3) Agreement dated September 16, 1960 between the Company and Canadian Bechtel Limited providing for the engineering management of the construction of the Company's proposed pipe line under which Canadian Bechtel Limited will be reimbursed for all its reasonable and necessary costs including, without limiting the generality of the foregoing, wages, salaries and expenses of personnel engaged in the work, costs of material, equipment and supplies, freight and warehousing, payments to contractors and sub-contractors, payments in connection with rights-of-way and other land rights, rentals of office and warehouse space and equipment, insurance costs and taxes, costs of losses and damages, communication expense and an indirect cost allowance of 75% of straight time wages and salaries of personnel engaged directly in the performance of the work. In addition to such reimbursement, Canadian Bechtel Limited will be paid a fee of $1,011,300 subject to adjustment in certain circumstances.

(4) The agreement dated October 7, 1960 between the Company and Dominion Securities Corpn. Limited, McLeod, Young, Weir & Company Limited, Wood, Gundy & Company Limited and Nesbitt, Thomson and Company, Limited referred to in paragraph **(p)** hereof.

Copies of the said agreements may be inspected at the office of the Company, 503 Natural Gas Building, 140-Sixth Avenue S. W., Calgary, Alberta, during ordinary business hours at any time during the period of primary distribution to the public of the shares offered by this prospectus.

(zb) Various directors and officers of the Company are directors and/or officers and/or shareholders of Pacific Gas and Electric Company, Westcoast Transmission Company Limited, Alberta and Southern Gas Co. Ltd., Pacific Gas Transmission Company and Canadian Bechtel Limited. Reference is made to paragraph **(za)** for a description of contracts made between the Company and certain of these companies.

(zc) The Company has not hitherto carried on business and has not acquired and does not propose to acquire either by direct acquisition or indirectly by ownership of shares or otherwise any other business.

(zd) By reason of a Voting Trust Agreement dated September 20, 1960 and made between Westcoast Transmission Company Limited and Pacific Gas Transmission Company, of the first part, and National Trust Company, Limited, of the second part, Pacific Gas Transmission Company and Westcoast Transmission Company Limited are in a position to elect or cause to be elected all of the directors of the Company. Under the said agreement, Westcoast Transmission Company Limited and Pacific Gas Transmission Company (in the said agreement and hereinafter called the "shareholders"), transfer their shares in Alberta Natural Gas Company to the Trustee and receive therefor a Voting Trust Certificate. The Trustee is required to vote all shares in the trust at meetings of shareholders as directed by the two shareholders. The total number of directors on the Board is eight and the Trustee is required to vote all shares in the trust for the election of eight directors of whom each of the two shareholders designates four. If the number of shares held in the trust for each shareholder should cease to be equal, there is provision for a corresponding shift in the number of directors to be designated for election by each of the two shareholders and the shareholder then having the right to designate for election a majority of directors also has the sole right to direct the Trustee as to voting on other matters.

(ze) No securities of the Company are, to the knowledge of the Company, held in escrow.

(**zf**) The Company has not paid any dividends up to the date of this prospectus.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

J. B. BLACK
by his Attorney
(Signed) R. L. WINTON

(Signed) S. M. BLAIR

(Signed) A. P. BOWSHER

(Signed) ROBERT H. GERDES

(Signed) D. P. McDONALD

(Signed) F. M. McMAHON

GEORGE McMAHON
by his Attorney
(Signed) R. L. WINTON

(Signed) N. R. SUTHERLAND

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

Underwriters

DOMINION SECURITIES CORPN. LIMITED

by (Signed) G. E. PHIPPS

McLEOD, YOUNG, WEIR & COMPANY LIMITED

by (Signed) JOHN E. LANGDON

WOOD, GUNDY & COMPANY LIMITED

by (Signed) D. B. DINGLE

NESBITT, THOMSON AND COMPANY, LIMITED

by (Signed) J. IAN CROOKSTON

Dated October 17, 1960.

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corpn. Limited: G. E. Phipps, G. P. Rutherford, N. D. Young, J. G. K. Strathy, S. E. Nixon, D. H. Ward, J. R. Clarke, A. I. Matheson, C. E. Jolly; in the capital of McLeod, Young, Weir & Company Limited: J. H. Ratcliffe, H. S. Backus, R. A. Jarvis, F. O. Evans, J. S. Dinnick, J. E. Langdon and C. P. Keeley; in the capital of Wood, Gundy & Company Limited: C. L. Gundy, W. P. Scott, A. H. Williamson, E. S. Johnston, J. N. Cole, E. H. Ely, D. B. Dingle, J. K. McCausland and D. Ross; in the capital of Nesbitt, Thomson and Company, Limited: A. D. Nesbitt, R. H. Dean, P. N. Thomson, J. I. Crookston, D. B. Creighton, and J. R. Oborne.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

ALBERTA NATURAL GAS COMPANY

CORPORATE SEAL

"N. R. SUTHERLAND", President.

"R. L. WINTON", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Capital Stock as of November 10th, 1960

Number			Shares
2,511	Holders of	1 — 100 share lots	81,842
95	" "	101 — 200 " "	16,335
40	" "	201 — 300 " "	10,885
8	" "	301 — 400 " "	2,955
17	" "	401 — 500 " "	8,375
27	" "	501 — 1000 " "	21,535
38	" "	1001 — up " "	710,089
2,736	Stockholders	Total shares	852,016